

**INSURANCE BOARD
GOVERNMENT OF THE FEDERATED STATES OF MICRONESIA**



FSM Insurance Board
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**REGISTRATION APPLICATION FORM FOR
FOREIGN INSURER**

SCHEDULE 5 (E)

Updated: November 2014

APPLICATION FOR REGISTRATION OF FOREIGN INSURER

Instruction Guideline

IMPORTANT INFORMATION: Please read the below prior to filling out the application package.

1. This application package consists of the following SCHEDULES:

(a) SCHEDULE 5(E) – Operational Document;

(b) SCHEDULE 5(E-1) – Personal Affidavit;

(c) SCHEDULE 5(E-2) – Corporate Affidavit;

(d) SCHEDULE 5(E-3) - Escrow Account Agreement; and

(e) SCHEDULE 5 – Appointment of Representative Resident (Agent) for Service of Process.

All the SCHEDULES must be completed fully, thoroughly and filed with all supporting documents. Be advised SCHEDULE 5(E-3) is a standard Escrow Account Agreement which may not be applicable if the applicant is posting the bond, instead.

2. The application package is intended for a foreign insurer applying for registration in order to engage in the business of insurance in the Federated States of Micronesia (FSM). A foreign insurer is an insurance company incorporated in a jurisdiction other than the Federated States of Micronesia (“FSM”).
3. All foreign insurer applicants should take note on Subsection 5 of Section 301 of Title 37 of FSMC before applying for registration or license. Subsection 5 of Section 302 of Title 37 of FSMC requires all foreign insurers to apply for license if they receive two million dollars or more in income from premiums collected in the FSM in each fiscal year for three consecutive fiscal years. However, Subsection 6 of Section 301 of Title 37 of FSMC provides that if a foreign insurer does not meet the premium collections threshold stipulated in Subsection 5 of Section 301, the foreign insurer can still engage in insurance business in the FSM, if registered, unless the foreign insurer is licensed as a domestic insurer instead.
4. Section 307 of Title 37 of FSMC sets the statutory requirements for registration of a foreign insurer.
5. This application is intended only to assist a foreign insurer applicant, and not to fulfill all the statutory and regulatory application requirements. It is incumbent upon the foreign insurer applicant to ensure all the statutory and regulatory requirements are furnished and complied with. The foreign insurer applicant is highly encouraged to complete each question thoroughly and provide all relevant and supportive information and documents necessary for review and consideration of the FSM Insurance Board. Incomplete answer to any of the question could be considered and weighted against the applicant, resulting in the rejection of its application. Section 303 of the Insurance Code requires the Insurance Board shall review a completed application, while Subsection 3 of Section 302 requires that the applicant has an ongoing duty to provide the Insurance Board with new or amended information relevant to the application while the application is pending and if a registration or license is issued, after the issuance of the registration or license.
6. Applicants are required to provide any and all relevant or supporting document or information with their application packages. The supporting documents must be labeled according to the Application Form or SCHEDULE, and are labeled respective of the question(s) therein for which such document(s) represent or intended.
7. If you need assistance in completing the application, please contact us at the address provided.

It should be noted that additional information may be requested by the FSM Insurance Commissioner or Board upon receipt and/or review of the application package. Thank you.

FOREIGN INSURER: APPLICATION FOR REGISTRATION

1. A signed statement from the applicant's home jurisdiction Insurance Authority addressed to the FSM Insurance Commissioner. The signed statement by the appropriate official of the applicant's home jurisdiction Insurance Authority must include and provide answers to the following:
 - The applicant insurer is or not solvent and is or not in compliance with all applicable laws and regulations in its home jurisdiction.
 - The applicant insurer is or is not in good standing with the home supervisory Authority.
 - Whether the applicant insurer is or is not currently subject to any supervisory or regulatory enforcement or other action.
 - Type, class and line of insurance business(es) the applicant is authorized to transact in its home jurisdiction.
 - Whether the home jurisdiction Insurance Authority has any objection for the applicant to transact insurance business(es) in the FSM through a licensed agent.
 - Whether prospective FSM policyholders will have equal claim privilege and right in priority as to the policyholders in the home jurisdiction in the event of, for example, insolvency of the applicant.
 - Whether the home jurisdiction Insurance Authority is prepared to assist and cooperate with the FSM Insurance Board in its regulatory and supervisory activities. If so, please so indicate the full name of the official, position and full contact information, including email address.
2. Written acknowledgment by the applicant that the FSM Insurance Board may discuss its status and conduct with its home jurisdiction supervisory Authority.
3. Please provide the following information/documents with your application package:
 - a) Past three years Annual Reports and complete Audited Financial Statements.
 - b) Latest statutory financial statement.
 - c) Latest Certificate of Authority or License and Certificate of Solvency, if any.
 - d) Latest full Actuarial Report, if any.
4. A written undertaking by the authorized officer of the applicant that FSM Insurance Board will be kept informed of any significant developments adversely affecting the applicant's financial soundness and/or reputation (for example, copies of its published financial accounts and significant media releases, with translations if/where appropriate).
5. Full name, title and address of the applicant: _____
_____ Email address: _____
6. Date and place of incorporation (including name, if differs from the above applicant's name):
7. Method of incorporation: _____
(e.g. limited by shares or a mutual company)
8. Anticipated date of commencement of business in/from Federated States of Micronesia: _____
9. Head and Registered Office outside of the Federated States of Micronesia: _____

10. If the applicant is to depend on an agent in the FSM for soliciting, selling, collection of premiums, review of claims, payment of claims, underwriting policies, management, financial or accounting services, etc, please provide relevant and specific information and documents on such arrangements (i.e. Agreements between applicant and the agent).
11. Please indicate the applicant's rating by A.M. Best Company or similar rating assigned by a recognized international insurance rating agency, please so indicate.
12. What is the applicant's policy regarding the availability of funds for prompt settlement of claims in the FSM. If the applicant does not have such a policy, please so indicate.
13. What is the applicant's policy regarding investment of consequent annual premium income in FSM? Also indicate how much premium has the applicant collected in each fiscal year for the past three consecutive years in the FSM.
14. Please provide an authentic copy of constitutional documents (For example, By-Laws and Articles of Incorporation).
15. Provide a list of all names, addresses and nationality of shareholders owning more than 10% of the issued shares. Where shares are held by a corporate body the beneficial owner must be shown.
16. Have any of the persons named in the application previously applied, either individually or in conjunction with others, for authority to transact insurance business in any other jurisdiction? If so, please provide details.
17. Full name, address and contact number of the local licensed Agent(s) in the FSM for which the applicant has had or will have agency relationship with: _____
 _____ Email address: _____
18. Please furnish with your application a copy of the Agency Agreement(s) between the applicant and the FSM licensed Agent(s). Where the Agency Agreement does not provide that the applicant is liable for premium payments received or otherwise collected by the designated local agent on behalf of the applicant, among other risks, a professional indemnification policy covering fraud and negligence satisfactory to the Commissioner would be required.
19. Please provide a copy of the applicant's License or Certificate of Authority issued by the home jurisdiction regulatory Authority with conditions or restrictions attached to it, if any.
20. [SCHEDULE 5 \(E-1\)"Personal Affidavit"](#) must be completed by the following.
 - a. Controlling natural individual person owner(s),
 - b. Director(s),
 - c. Officer and management staff,
 - d. Resident representative (the authorized person in the FSM to accept service of process), and
 - e. Where a controlling owner of the foreign insurer applicant is a legal entity, [SCHEDULE 5 \(E-2\)"Corporate & Individual Affidavit"](#) must be completed on the legal entity, and [SCHEDULE 5 \(E-1\)"Personal Affidavit"](#) should be completed by each ultimate beneficial owner of the legal entity who is a controlling shareholder.
21. Provide information relating to the capital structure of the business, including the initial amount of capital, the source of capital funds and dividend policy.
22. Posting of a bond or escrow account for US\$100,000.00 is required, except for applicant providing marine, aviation and transportation (MAT) policy. The bond must be issued by an independent insurer satisfactory to the FSM Insurance Commissioner or Board. For deposit into escrow account, it must be at a financial institution in the FSM satisfactory to the FSM Insurance Commissioner or Board. The terms and conditions of the bond or escrow account agreement provide that the bond or escrow account is pledged to secure the payment of claims

arising from domestic policies issued by the applicant (insurer) and which only the FSM Insurance Commissioner is authorized to withdraw or request payment, in full or in part up to the amount of the bond or escrow account, to pay a judgment issued by a Court of competent jurisdiction in the Federated States of Micronesia arising from a claim on a domestic policy issued by the applicant (insurer). The bond or escrow account must be valid at all times and the minimum amount shall be maintained at no less than \$100,000.

23. Please enclose in the application package all payments, if applicable.

CERTIFICATION

I CERTIFY that the above information is complete and correct to the best of my knowledge and belief and I undertake that, as long as I continue to be a significant shareholder, director or officer of insurance applicant I will notify the FSM Insurance Board of any material change affecting the completeness of the Personal DECLARATION within fifteen (15) days from the occurrence of the changes.

I ALSO HEREBY AUTHORIZE the FSM Insurance Board to make such enquiries and seek such further information as it deems appropriate in verifying the information given in this Application or in any other documents submitted as part of this application for the purposes of performing its due diligence and background checks. I also understand that the results of these checks may be disclosed to the applicant or person who signed the Application Form.

Dated and signed this _____ day of _____, 20_____.

(Signature)

(Print Name/Title)

Witness:

Name: _____

Signature: _____

Occupation: _____

Address: _____

This application form could be provided in electronic form by contacting the below address or via an email request. This application must be submitted in its original form with all the necessary documents and fees to:

Insurance Commissioner
FSM Insurance Board
PO Box K-2980
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